

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 29, 2007 (As amended on May 15, 2007 by the Senate Finance Committee)

Bill Number: S. 377

Authors: Ritchie, McConnell, Courson, Leventis, et. al.

Committee Requesting Impact: House Labor, Commerce, and Industry Committee

Bill Summary

To amend Chapter 52, Title 48 of the 1976 Code by enacting the "Energy Independence and Sustainable Investment Act of 2007" to provide that a resident taxpayer who constructs a commercial building that meets the standards set forth by the U.S. Green Building Council shall receive a tax credit, to provide that a taxpayer who applies for the tax credit may participate in an expedited permit process upon the posting of an environmental performance bond, to provide that the Department of Health and Environmental Control shall administer the article, and to provide that annually the General Assembly shall honor not more than five taxpayers who promote effective energy and environmental standards.

REVENUE IMPACT ^{1/}

This bill is expected to have no impact on state revenues in FY2007-08.

Explanation of amendment (May 15, 2007) – by Senate Finance Committee

This amendment would add resident taxpayers who construct commercial facilities designed, constructed, and having received at least three globes in the Green Globes Rating System set forth by the Green Building Initiative (GBI) as qualifying for the nonrefundable state income tax credit. The commercial facility must have also earned at least twenty percent of the available "C.1.1 Energy Consumption" points GBI allows for energy performance in order for the taxpayer to qualify for the tax credit. This amendment also only qualifies commercial facility projects certified after December 31, 2007 for the income tax credit. According to GBI, there are currently no commercial facilities in South Carolina that qualify for the tax credit based upon these criteria. The revenue projection anticipates that no commercial facilities will meet the criteria of the provision. This amendment, therefore, is expected to have no impact on state revenues in FY2007-08.

Explanation of bill filed January 31, 2007

This bill would add Section 12-6-3630(A) to allow a nonrefundable state income tax credit to a resident taxpayer who constructs a commercial facility in this State that is designed, constructed, and certified to at least the LEED Silver or the LEED for Existing Buildings Silver standards set forth by the U.S. Green Building Council. The commercial facility project must have also earned at least forty percent of the available "Energy and Atmosphere Credit 1: Optimize Energy Performance" points LEED allows for energy performance in each year of certification or re-certification in order for the taxpayer to qualify for the tax credit. According to the United States Green Building Council LEED database, there are currently no commercial facilities in South Carolina that qualify for the tax credit based upon these criteria. The revenue projection anticipates that no commercial facilities will meet the criteria of the provision. This bill, therefore, is expected to have no impact on state revenues in FY2007-08.

/s/ William C. Gillespie

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Husman

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.